GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1248
ANSWERED ON:07.03.2008
CHANGING CHANNELS OF INVESTMENT
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Will the Minister of FINANCE be pleased to state:

(a) Whether Government employees are increasingly buying shares and mutual fund schemes in the expectation of higher returns as against traditional channels of investments in post offices, banks and other fixed deposit schemes;

(b) If so, the details thereof; and

(c) Steps taken/being taken to attract the Government employees to invest more and more savings in the Government schemes?

Answer

MINISTER OF STATE FOR FINANCE (E,B&1) (SHRI PAWAN KUMAR BANSAL)

a) to b) Information on the preferred choice of investments by Government servants is not collated.

c) The small savings schemes, carrying different terms and rate of interest administered by the Government of India are designed to provide safe and attractive investment option to all individuals who invest in these savings schemes. In the recent past, the Government has taken the following steps to make the small savings schemes more attractive and investor friendly:

i. The restriction on opening of more than one account during a calendar month under the Senior Citizens Savings Scheme has been removed with effect from 24th May, 2007.

ii. All categories of pensioners have been allowed to open and maintain 'Pension Account' under Post Office Savings Account Rules, with effect from 11th July, 2007.

iii. The penalty on pre-mature withdrawal of deposits under the Post Office Monthly Income Account (POMIA) Scheme has been rationalized from 3.5% to 2% on withdrawal on or before expiry of three years and 1% on withdrawal after expiry of three years.

iv. The maximum deposit ceilings of rupees 3.00 lakh and rupees 6.00 lakh under POMIA has been raised to rupees 4.5 lakh and rupees 9.00 lakh in respect of single and joint accounts respectively.

v. Bonus at the rate of 5% on the deposits made under POMIA on or after 8th December 2007 upon the maturity of the deposit, has been reintroduced.

vi. The benefit of Section 80C of the Income Tax Act, 1961 has been extended to the investments made under 5-Year Post Office Time Deposit Account and Senior Citizens Savings Scheme, with effect from 1st April, 2007.

vii. Various measures are also taken to promote and popularize these schemes through print and electronic media as well as holding seminars and meetings, providing training to the various agencies involved in mobilizing collection in Small Savings Schemes etc.

viii. A website of the National Savings Institute under Government of India, Ministry of Finance has also been launched to facilitate interface with the public through wider dissemination of information on small savings and on-line registration and settlement of investors grievances. The website address is nsiindia.gov.in.